

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6248**

**BILL NUMBER:** HB 1466

**NOTE PREPARED:** Dec 12, 2008

**BILL AMENDED:**

**SUBJECT:** Sales Tax Prepayment Rate for Gasoline.

**FIRST AUTHOR:** Rep. Espich

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill requires the Department of State Revenue to determine a new Sales Tax prepayment rate on gasoline every three months. It requires the prepayment rate to be published in the Indiana Register in March and September (in addition to June and December). This bill also reduces the cap used in the prepayment formula to offset the determination being made four times per year instead of twice per year.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** This bill will result in an increase in administrative costs for the Department of State Revenue (DOR) by requiring the DOR to revise Sales Tax forms as well as update computer software. This bill requires the DOR to determine a new Sales Tax prepayment rate on gasoline every three months and to have the rate published in the Indiana Register. Any impact on administrative costs should be covered under their existing level of resources.

**Explanation of State Revenues: Summary-** This bill should not impact the total amount of Sales Tax generated by the sale of gasoline. It will change the method currently used to collect the tax. This bill reduces the cap used in the prepayment formula to 112.5% to offset the determination being made four times per year instead of twice per year.

**Background Information-** By statute, retailers are required to prepay the Sales Tax on gasoline. The prepayment rate is equal to the statewide average price per gallon, multiplied by the Sales Tax rate, multiplied by 90%. The prepayment rate is determined semiannually (in June and December) by the DOR,

and is limited to a cap of 125% of the previous prepayment rate. Retail merchants are then required to file their returns monthly and remit Sales Tax which has been collected on the gasoline, less the amount of prepaid tax.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** DOR.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Diana Agidi, 317-232-9867 .